



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY
33 N Dearborn St, Suite 1000
Chicago, IL 60602**

Minutes for the June 4, 2015 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Brent Lewandowski (presided pro tempore), Jack Fitzgerald, Diahann Goode, Patrick McFadden, Patrick Nester, Samuel Richardson, Jr. and Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance and Administration; Gary LeDonne, Senior Benefit Advisor; Brenda Deming, Director of Health Benefits; Margaret Fahrenbach, Legal Adviser; Beverly Romanini, Office Manager; Marina Sirot, Project Compliance Analyst; Courtney Hollins, Senior Communications Specialist; Colleen Lakis, Comptroller

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Theron Picketts, Topeka Capital; Larry Langer and Dan Levin, Buck Consultants; John McCabe and Robert Molaro, John McCabe & Associates; Karl Gawlas and Tim Fagan, Legacy Professionals, LLP; Linas Kelecizis, Annuitant and Private Attorney; Richard Baert, Pensions & Investments; Anne Head, CCSAO

Trustee Lewandowski opened the meeting for public comment and no person present asked to address the Board.

1. Review and Consideration of:

a. May 7, 2015 Board Meeting Minutes

It was moved by Trustee McFadden and seconded by Trustee Goode that the minutes of the May 7, 2015 Board meeting be adopted.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

2. Review and Consideration of:

- a. Bills, Payroll Records, Annuities, Spouse and Child Annuities, Ordinary and Duty Disabilities, and Refunds.

The Fund's monthly bills and payroll records were presented for the Board's approval. The Trustees discussed that the payment made to the health benefits consultant, Segal Consulting, represented the final payment due pursuant to the current agreement which ended effective April 1, 2015. The issue of whether to retain a health benefits consultant would be deferred to the Health Benefits Committee.

It was then moved by Trustee Goode and seconded by Trustee Fitzgerald that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, McFadden, Nester, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- b. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities, and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Richardson, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, McFadden, Nester, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

- c. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee Richardson and seconded by Trustee Goode, after due consideration of the disability applications presented to the Board and having received confirmation from staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, McFadden, Nester, Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

3. Administrative Report

a. Trustee Education and Travel Pre-Approval

Nickol R. Hackett, Executive Director and CIO, stated that there were two requests to approve attendance at conferences. She stated that the budgeted expenses for trustee education had been used, but trustee travel expenses were available to support attendee fees for local event.

The Executive Director also stated that the Fund had been nominated as the 2015 Small Public Plan and requested approval for Staff to represent the Fund at the 13th Annual Hedge Fund Industry Awards presentation on June 25, 2015, in New York City, New York.

It was moved by Trustee McFadden and seconded by Trustee Richardson that the expenses, including any associated travel expenses incurred by Fund staff in attending the indicated conferences presented by the International Foundation for Employee Benefit Plans in Chicago, Illinois, be approved provided that any reimbursement be in and for amounts consistent with the Fund's Travel Reimbursement Expense Policy. It was further moved that funds allocated for trustee travel could be used to pay registration fees at the indicated conferences which will be applied to certification.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, McFadden, Nester, Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was also moved that the expenses, including any associated travel expenses incurred by Nickol Hackett and Fernando Vinzons, in representing the Fund as a nominee for the 2015 Small Public Plan of the year at the 13th Annual Hedge Fund Industry Awards on June 25, 2015, in New York City, New York, at a projected cost of \$2,500, be approved provided that any reimbursement be in and for amounts consistent with the Fund's Travel Reimbursement Policy.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, McFadden, Nester, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

b. Office Reorganization

The Executive Director stated that the Fund's IT vendor, Novatis Business & Technology, LLC, would be vacating the space they subleased from the Fund on the 10th floor no later than June 30, 2015. She stated that the Fund had occupied space on the 9th floor for purposes of the scanning project and that these functions would be moved into the space that the subtenant had vacated.

4. Consideration of May 28, 2015 Investment Committee Recommendations

The Board considered the recommendations made by the Investment Committee at their meeting on May 28, 2015, regarding the winding up of the Cozad Premiere Partners II as the partnership is nearing its end. The General Partner had proposed a partnership amendment that was not acceptable to the Fund's Investment Consultant and Legal Counsel. The Investment Committee recommended that the presented instructions be communicated to the General Partner.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board adopt the recommendations made by the Investment Committee at their meeting on May 28, 2015, regarding Cozad Premiere Partners II, to instruct the General Partner to conduct a marketing process to sell the assets, to prohibit the use of an affiliated brokerage firm in the sale process and to insure that the General Partner's fee is based on realized proceeds from the sale of the assets. It is further moved that the Fund Investment Staff and Executive Director be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements by the Executive Director on behalf of the Fund.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

5. Communications Authorizations

The Executive Director presented the request of the Communications staff to retain a new vendor, Steele Communications, to provide design support for materials to be delivered to members in 2015. Generally, the materials would assist the members to better understand the annuity and disability application processes and would provide consistent messaging to the Fund's participants.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board approve the reallocation of budgeted communications expenses as presented and to approve the retention of Steele Communications to provide design support for communications to members in 2015 at a cost not to exceed \$25,000. It is further moved that the Fund staff be authorized to take all action

reasonably necessary to effectuate the foregoing including the execution and delivery of any related written agreement by the Executive Director on behalf of the Fund.

Roll Call Vote:

AYES: Fitzgerald, Goode, Lewandowski, Nester, Richardson, Wilson

PASS: McFadden

NAYS: None

Vote Result: MOTION ADOPTED

6. Legal Matters

a. In the Matter of Chapman – Request for Appointment of Hearing Officer

Margaret M. Fahrenbach, Legal Adviser, stated that Mr. Andrew Chapman had been denied duty disability benefits because he could not provide medical documentation from an attending physician for the periods in which he was disabled and had been compensated under the Illinois Workers' Compensation Act.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the Board appoint Patrick T. Driscoll, Jr. to serve as the Hearing Officer for the administrative hearing requested by Mr. Andrew Chapman to determine if he is eligible for duty disability benefits if he cannot provide attending physician statements regarding his disability.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

7. Report from Legislative Liaison

John McCabe and Robert Molaro of McCabe Associates presented an overview of legislative matters affecting the Fund in the 99th General Assembly. They stated that the Cook County Pension Fund Reform bill (SB 843) was the same as the legislation presented last year. The bill passed out of the House Personnel and Pensions Committee, but did not proceed to the House floor and was referred to the House Rules Committee. Mr. Molaro stated that there was not likely to be action on bills which would diminish benefits under the Pension Code. He noted that under SB 842 if the County were to fail to make the contributions it owed, the Fund could request that the State Controller divert any funds intended for the County to instead be paid to the Fund.

Mary Pat Burns, Fund counsel, presented an update regarding pension reform litigation in Illinois. She stated that the Illinois State Supreme Court's decision captioned: *In re Pension Reform Litigation*, made clear that the State's financial distress and use of "police power" would not be sufficient grounds to reduce benefits under the Pension Code. While the decision only directly impacted state pension funds, it would also be binding as legal precedent on the local funds. Ms. Burns also stated that the Municipal Employees' Annuity and Benefit Fund ("MEABF") was presently litigating the pension reform legislation affecting City employees in the Circuit Court of Cook County. One issue in the City litigation is whether under Section 22-403 of the Pension Code, the City is obligated to pay the annuities due to its employees if the MEABF was not able to do so.

She stated that the Circuit Court judge is expected to rule on this matter this summer so that any appeal could be made to the Illinois Supreme Court in the fall.

8. Presentation of FY 2014 Audited Financial Statements

Karl Gawlas and Tim Fagan of Legacy Professionals, LLP, presented the 2014 audited financial statements for the County Fund and the Forest Fund. The financial statements for both Funds were a combination of the plan fiduciary net position and the postemployment healthcare net position as of December 31, 2014 and 2013. Each Fund adopted GASB Statement No. 67 during their plan years ending on December 31, 2014, which requires the use of a blended investment rate of return, and resulted in an increased liability as compared to prior years.

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the 2014 Audit of the County Fund as prepared by Legacy Professionals, LLP, be received and filed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was moved by Trustee Fitzgerald and seconded by Trustee McFadden that the 2014 Audit of the Forest Fund as prepared by Legacy Professionals, LLP, be received and filed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

9. Presentation of 2014 Actuarial Valuations

Larry Langer and Dan Levin, of Buck Consultants, LLC, presented the 2014 Actuarial Valuations for the County Fund and the Forest Fund. Mr. Levin made the presentation of the report relating to the post-employment health insurance benefits (“OPEB”) provided by each Fund to annuitants. He stated that OPEB is an unfunded liability for both the County and the Forest Fund. Mr. Levin noted that GASB Statement Number 43, which was recently approved and would be effective sometime in June, 2016, would likely increase accounting liability for the Funds. Mr. Langer made the presentation for the actuarial valuations for pension benefits relating to each Fund. While he noted that there was an increased funded status for both Funds largely due to asset gains, he emphasized that employer contributions were insufficient on an actuarial basis to fund annuity and retiree health benefits. Mr. Langer also reviewed the comparison of funded results in light of the GASB rule changes.

It was moved by Trustee Fitzgerald and seconded by Trustee Nester that the 2014 Actuarial Valuation of the County Fund as prepared by Buck Consultants, LLC, be received and filed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

It was moved by Trustee Fitzgerald and seconded by Trustee Nester that the 2014 Actuarial Valuation of the Forest Fund as prepared by Buck Consultants, LLC, be received and filed.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

10. Old Business/New Business

There were no old business matters or new business matters brought to the attention of the Board.

11. Adjournment

There being no further business before the Board, it was moved by Trustee Fitzgerald and seconded by Trustee Richardson that the trustees adjourn the meeting.

The next Board meeting is scheduled for July 9, 2015, at 9:30 a.m.